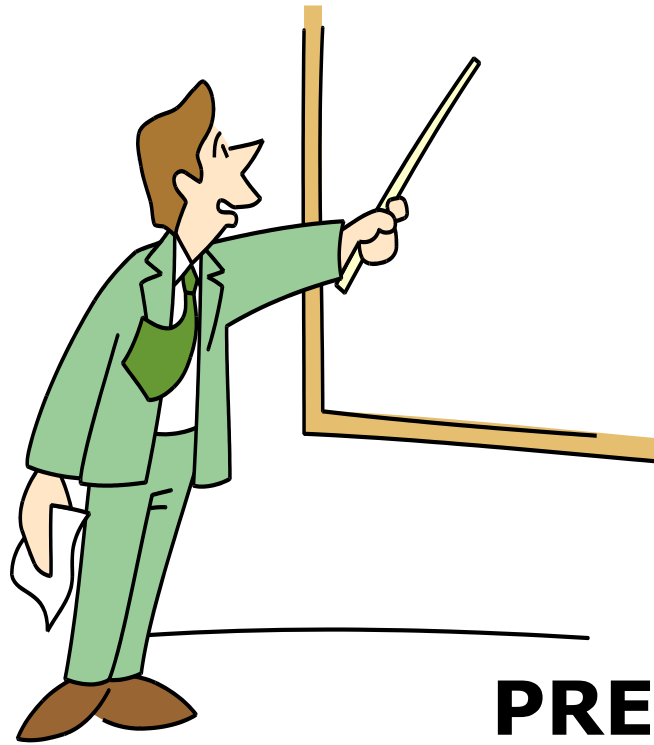


“ISSUES RELATED TO GST IN LOGISTICS INDUSTRY”



SEMINAR ORGANIZED BY
WIRC OF ICAI

PRESENTED BY

 **RAJIV LUTHIA**

AN INVESTMENT IN KNOWLEDGE PAYS THE BEST RETURN

TRANSPORT OF GOODS BY ROAD –

Para 2(ze) of notification 9/2017-IG

- **“Goods transport agency”** *means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.*



Rate of Tax : Not 11/2017- CGST (Rate)

Chapter Heading	Particulars	Rate	Remarks
Heading 9965 (Goods Transport Service)	<p>iii) Services of goods transport agency (GTA) in relation to transportation of goods <u>(including used household goods for personal use)</u>.</p> <p><i>Explanation.-</i> “Goods transport agency” means any person who provides service in relation to transport of goods by road and issues consignment note, by whatever name called.</p>	<p>5%</p> <p>or</p> <p>12%</p>	<p>Provided that credit of input tax charged on goods and services used in supplying the service has not been taken</p> <p>NIL (w.e.f. 22nd August, 2017) – As per Notification no.20/2017 CGST</p>

Rate of Tax

Chapter Heading	Particulars	Rate	Remarks
Heading 9966 (Rental services of transport vehicles)	(i) Renting of motor cab where the cost of fuel is included in the consideration charged from the service recipient.	5%	Provided that credit of input tax charged on goods and services used in supplying the service has not been taken
		OR	
		12%	NIL (W.e.f 22 nd August, 2017)
	(ii) Rental services of <u>transport vehicles</u> with or without operators, other than (i) above.	18%	

RATE OF TAX

- Notification 20/2017- CGST (Rate) dated 22nd August, 2017 provides **option** to GTA as follow

Particulars	Input credit available to GTA	Rate of Tax	RCM/FORWARD CHARGE
GTA to Notified Person	NO	5%	RCM
GTA to Non – Notified Person	NO	5%	Forward charge
GTA to any person	YES	12%	Forward Charge <u>thenceforth</u> on all supply

RATE OF TAX

- Notification 22/2017- CGST (Rate) dated 22nd August, 2017 provides that GST should not be paid under reverse charge for service provided by goods transport agency if GTA has opted for payment of tax @ 12% on forward charge.

Exemption. Not No. 12/2017(CG).Entry 21

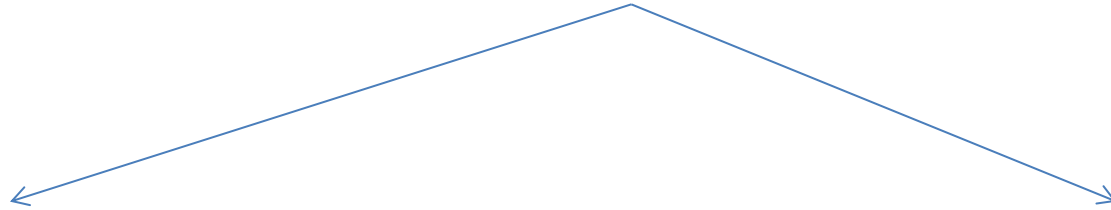
- Services provided by a goods transport agency, by way of transport in a goods carriage of,
 - agricultural produce;
 - goods, where gross amount charged for the transportation of goods on a consignment transported in a single carriage does not exceed one thousand five hundred rupees;
 - goods, where gross amount charged for transportation of all such goods for a single consignee does not exceed rupees seven hundred fifty;
 - milk, salt and food grain including flour, pulses and rice;
 - organic manure;
 - newspaper or magazines registered with the Registrar of Newspapers;
 - relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap; or
 - defence or military equipment's;

Exemption

- Services by way of giving on hire
 - to a goods transport agency, a means of transportation of goods. (Entry 23 of Notification 9/2017-IGST)

Place of supply of goods transport service...Section 12(8)

Services by way of Transportation of goods including mail or courier



Supplied to a **registered person**

Supplied to a **unregistered person**



Location of such person

Location at which such goods are handed over for their transportation



Issue – 1

- M/S. XYZ Builder Ltd. paid Rs. 10,000/- to M/s. Kangaroo Transporter for services of removing & disposing the debris from their construction site.
- Whether GST is payable on above transaction? Under which Category & what rate?

Issue 1

- Section 2(52) defines “Goods” means every kind of movable property other than money and securities but includes actionable claim, growing crops, grass and things attached to or forming part of the land which are agreed to be severed before supply or under a contract of supply;
- Debris are although waste material covered under goods definition
- SC in case of **Delhi cotton Mills, 1963 AIR 791 SCR** – Decision was about levy of Excise on manufacture of goods. The goods has to be understood as general marketability.
- Is it service of transportation of goods?

Issue 1

- Is it Site formation Service?
- Is it Remediation services, under Sewage and waste collection, treatment and disposal and other environmental protection services ?.....SAC 9994
 - Site remediation and clean-up services
 - Containment, control and monitoring services and other site remediation services
 - Building remediation services
 - Other remediation services n.e.c.
- Other Service ? SAC 9997

Issue-2



Supplies Water



- M/S. A.V.M Water supplier enters into a contract with MARATHON BUILDER PVT LTD to supply water for their site at Mumbai? They raise invoice for Rs. 10,000/- with narration “ transport charges for water”
- Whether A.V.M need to pay GST on the above transaction?
- What if A.V.M water supplier was given contract for filling water from “well” which was owned by MARATHON and deliver the same at various construction sites of MARATHON ?

Issue - 3

- M/S. XYZ Ltd located in Mumbai & not registered under GST since their turnover is below threshold limit of Rs. 20 lacs. They avails GTA Service of PQR Transporter of Ahmedabad for pick up raw material from their vendor “A” & deliver the same to job worker “B” located at Baroda at a freight of Rs. 10,000/-
- Whether GST is applicable on freight of Rs. 10,000/-. Transporter has opted not to pay tax under Forward charge. Who is liable to pay ? Whether CGST & SGST or IGST liability?

Issue 4

- M/S. ABC Transporter was providing GTA Service to various client. As per Notification 10/2017-IG, clients of ABC were paying GST on transport charges under RCM.
- Vide Notification 20/2017-CT(Rate), Transporter was allowed to Pay tax under forward charge @ 6% w.e.f. 22nd August, 2017.
- M/s. ABC Transporter wants to avail option to pay tax for few client on forward charge & for few client under RCM.
- Can ABC Transporter allowed to opt both option simultaneously ?

Issue 4

- Whether ABC transporter can opt to Pay GST under forward charge from 1st October, 2017?
- Can ABC transporter opt out of forward charge from 1st April, 2018?
- ABC transporter opted to pay GST @ 5% under RCM as per notification 10/2017. ABC transporter has provided GTA services to their corporate client & also to Mr. XYZ who is an individual (not falling under specified category) on 1st October, 2017 for shifting his household goods.
- Is it compulsory for ABC transporter to pay GST under Forward charge w.e.f. 1st October, 2017 for all his GTA supplies including one made to corporates who were paying under reverse charge in view of notification 20/2017-CT (R)

Issue 4

- Notification 20/2017-CT rate provide option to GTA to pay GST @ 12% on forward charge
- The condition provide that “GTA opting to Pay GST @ 12% under this entry shall, **thenceforth** be liable to pay GST on **ALL SERVICES** of GTA supplied by it
- **Thenceforth ?????**
- Condition does not specifically provide option to be exercised on yearly basis

Issue 5

- M/S. ABC Transporter has purchased a vehicle in month of July, 2017 for Rs. 10,00,000/- & paid GST on same Rs.2,80,000/-.
- He has opted to pay GST on forward charge on all transaction of GTA Service w.e.f. 1st October, 2017
- He Seeks your advice whether he is entitled to claim credit of GST paid Rs. 2,80,000/-?

ISSUE - 6



Transporter – RAJ LOGISTICS
(Unregistered)



GTA Service to Notified person
on which Tax is paid under RCM
– Rs. 40,00,000/-



Transport Household goods of Mr. A
(unregistered) – Turnover Rs. 5,000/-

Issue -6

- Clients of M/S. RAJ LOGISTICS were paying GST under RCM on transport service under notification 10/2017-IGST except Mr. A who availed one time service for shifting his residence.
- Do Raj Logistics need to get itself registered?

Issue - 7

- KAMAL LOGISTICS PVT. LTD. got ordered to transport cargo from Mumbai to Nashik & would required 10 trucks to carry out the work.
- All the Trucks of Kamal Logistics were pre-occupied in other job, so it hired the trucks from MRL LOGISTICS LTD. for a hire charges of 10,000/- per truck per day.
- Whether GST is payable on above transaction of Truck hiring from MRL LOGISTICS LTD. ?
- What if KAMAL LOGISTICS PVT. LTD. instead of getting truck on hire, outsourced the work to MRL LOGISTICS LTD., who will bill directly to customer & pay commission of Rs. 25,000/- for this transaction to Kamal logistics?

Issue 8

- ABC TRANSPORT AGENCY PVT. LTD, providing service of GTA
- It provide services to all Body corporate who pays tax under RCM for GTA service provided by ABC TRANSPORT AGENCY PVT. LTD.
- A business dispute arise between ABC TRANSPORT AGENCY PVT. LTD & its client M/S. PQR LTD., hence ABC TRANSPORT AGENCY PVT LTD availed the service of Advocate
- Whether ABC TRANSPORT AGENCY PVT LTD needs to pay Tax under RCM for Advocate service availed by it?

TRANSPORTATION OF GOODS BY VESSEL

Transport of Goods by Vessel

Chapter Heading	Particulars	Rate	Remarks
Heading 9965 (Goods Transport Service)	(ii) Transport of goods in a vessel including services provided or agreed to be provided by a person <u>located in non-taxable territory to a person located in non-taxable territory</u> by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India.	5%	Provided that credit of input tax charged on goods (other than on ships, vessels including bulk carriers and tankers) used in supplying the service has not been taken <i>Explanation: This condition will not apply where the supplier of service is located in non-taxable territory.</i>

Exemption

- Services by way of transportation by rail or a vessel from one place in India to another of the following goods –
 - (a) relief materials meant for victims of natural or man-made disasters, calamities, accidents or mishap;
 - (b) defence or military equipment's;
 - (c) newspaper or magazines registered with the Registrar of Newspapers;
 - (d) railway equipment's or materials;
 - (e) agricultural produce;
 - (f) milk, salt and food grain including flours, pulses and rice; and
 - (g) organic manure.

(Entry 21 of Notification 9/2017-IGST)

Exemption

- Services by way of transportation of goods by a vessel from customs station of clearance in India to a place outside India (exemption valid up to 30th September, 2018)..... **Notification 2/2018-CT (R) w.e.f. 25th January, 2018**

POS of Transportation of Goods by Vessel

A Ltd – Indian Exporter

Avails service of Transportation of goods by Vessel

JAIDEEP SHIPPING LINES – Indian Shipping Company

MAERSK SHIPPING LINES – USA located in non taxable territory.

JAIDEEP SHIPPING LINES will pay tax @ 5% till 24th January, 2018

Thereafter will not charge GST
In view notification no. 2/2018-CT dated 25th January, 2018

POS as per section 13(9) of IGST is outside India

Issue - 9



Maersk Shipping Lines - Singapore



KICM LLC - USA

Pays Freight



Delivers goods

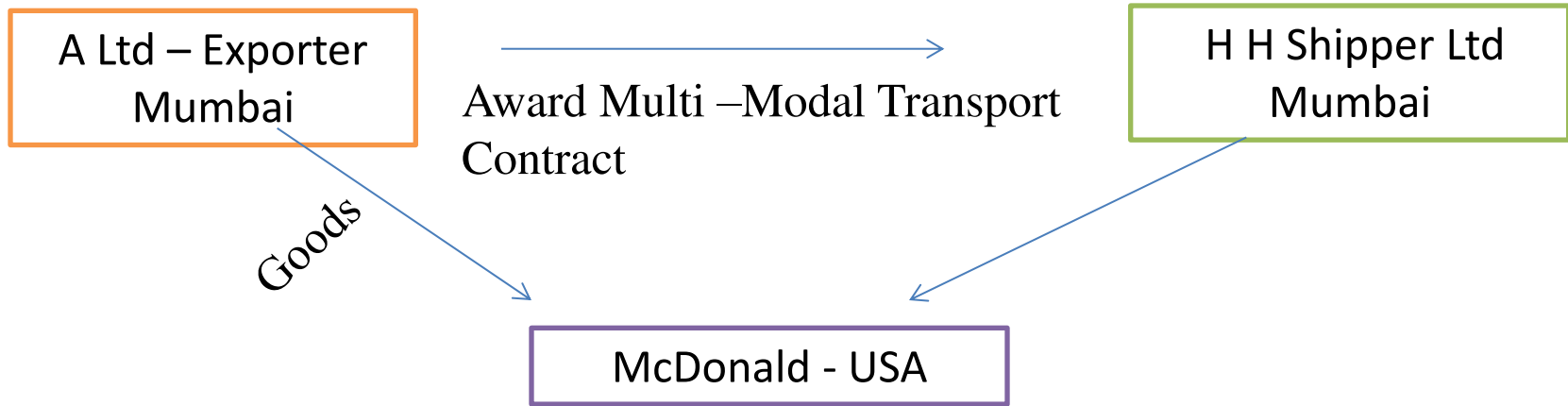


Imports raw material on
CIF Basis



Whether Freight paid to Maersk shipping line is liable to GST? Who has to Pay GST & on what value?

Issue - 10



- As per Contract, H.H Shipper has to pick the Goods from A Ltd Warehouse located at Bhiwandi & the Deliver goods to USA- McDonald Warehouse
- Multi-Modal Contract is for Lumpsum price of Rs. 20,00,000/-
- Whether GST is applicable on it? Whether it is Composite supply or Mixed Supply?
- What if H H Shipper enters into 2 separate contract for Road transport & vessel transport

Issue 11

- JAIDEEP SHIPPING LINES, provides service of Transportation of Goods through Vessel to Indian Exporter ACC LTD.
- It raise Invoice as follow
 - Freight Charges – Rs. 25,000/-
 - THC – Rs. 5,000/-
 - Documentation Charges – Rs. 2,500/-
 - Other Sundry Expense – Rs. 2,000/-
- What will be the rate of GST on above Transaction. Whether it is a composite supply of service or Mixed supply?

Issue 12

- R K KAYANI SHIPPING books 100 Sq feet space on vessel of MMK SHIPPING LINES for Rs. 1,000 per sq feet
- MMK SHIPPING LINES Levies GST @ 5% under category Transportation of goods by vessel.
- R K KAYANI SHIPPING sells the booking space as follows
 - Client A – Rs. 1,400 per sq. feet
 - Client B – Rs. 1,100 per sq. Feet
 - Client C – Rs. 900 per sq. feet
- Whether R K KAYANI SHIPPING needs to discharge Tax under category “Support Service in transport” which attracts Tax @ 18% or under “Transportation of goods by Vessel” which attracts Tax @ 5%?

Issue 13

- M/S JG LTD are in business of Storage & warehousing services
- They have taken warehouse located in MUMBAI on rental basis from XYZ LTD.
- They rendered the services to GSFC LTD. registered for GST in Gujarat
- They levied CGST & SGST on warehousing charges in view of section 12(3)
- The GSFC seeks your advise?

TRANSPORATION OF GOODS BY AIR

Exemption – Entry 20

- Services by way of transportation of goods by an aircraft from a place outside India upto the customs station of clearance in India.
- Services by way of transportation of goods by an aircraft from customs station of clearance in India to a place outside India (exemption valid upto 30th September,2018).....*W.e.f. 25th January, 2018*

EWAY BILL

Issue 14

Carries Tools & other essential Parts in all amounting to Rs. 80,000/- for providing Repairs & Maintenance Service to its clients



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Mr. A – Registered Person

Whether Mr. A will required to generate E-way Bill??



Travels through
Public transport



WITH KNOWLEDGE..... WE KNOW THE WORDS,
BUT WITH EXPERIENCE..... WE KNOW THE MEANING



CA. Rajiv Luthia